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## Action Item

Recommendation: Approve Minutes from November 7, 2008 Ad Hoc Committee Meeting of the Technology Services Board

**AD HOC COMMITTEE  
OF THE  
TECHNOLOGY SERVICES BOARD  
DEPARTMENT OF TECHNOLOGY SERVICES**

**PUBLIC MEETING MINUTES**

**November 7, 2008**

The Ad Hoc Committee of the Technology Services Board (TSB) met in open session, pursuant to the provisions of the Bagley-Keene Open Meeting Act, at approximately 2:00 p.m. in the Zinfandel Conference Room located at 1325 J Street, 16<sup>th</sup> Floor, Sacramento, California 95814.

**1. Call to Order**

Chairperson Teri Takai called the meeting to order at 2:06 p.m.

Roll Call was completed:

1. Teri Takai, State Chief Information Officer (present)
2. Michael C. Genest, Director, Department of Finance  
(Designee Fred Klass - present)
3. John Chiang, State Controller  
(Designee Jan Ross - present)
4. A. G. Kawamura, Secretary, Department of Food and Agriculture  
(Designee Davood Ghods - present)



5. Kim Belshé, Secretary, California Health and Human Services Agency  
(Designee Crystal Cooper - present)
6. Thomas Johnson, Secretary, Department of Veterans Affairs  
(Designee Jack Kirwan - present)

## **2. Approve September 10, 2008 Meeting Minutes – Action Item**

There was a motion to adopt the September 10, 2008 TSB Ad Hoc meeting minutes as presented, the motion was seconded, and it was unanimously approved.

## **3. DTS 2008/09 and 2009/10 Financial Plan – Action Item**

Department of Technology Services (DTS) Director P.K. Agarwal presented the DTS Financial Plan, which consisted of four key parts. The Plan includes:

- A Rate Package that increases revenue by \$1,070,676 for FY 2008/09
- One-time surcharge on mainframe rates to finance the data center relocation
- Realignment of network rates in 2009/10
- Implementation of direct transfer of customer payments to DTS

A discussion ensued regarding late fees and the need for “direct transfer.”

Davood Ghods of the Department of Food and Agriculture inquired about the impact of this relocation plan on the Budget Change Proposals (BCPs). Melissa Matsuura, Acting Deputy Director at DTS, responded that the data center relocation BCP would be modified. Mr. Ghods expressed concern over the impact of rate increases on customers. Director P.K. Agarwal responded that while network rates were going up in the short run, they would eventually come down due to the planned transition to managed services. Jan Ross of the State Controller’s Office (SCO) asked about the scope of managed services for networks. Gail Overhouse, Acting Chief Deputy Director at DTS, responded that DTS is looking at utilizing some network services from vendors to expand service offerings while stabilizing or lowering rates. In response to questions



about move costs, Chairperson Takai said the relocation project is not optional due to the end of lease and the age of the building. With regard to rate increases, Fred Klass of the Department of Finance (DOF) noted that DOF staff and Ms. Matsuura are working together to ensure that all options are pursued, including incremental rate increases. These options will be presented at a future Ad Hoc Committee meeting.

Mr. Klass shared his concerns that DTS direct transfers may cause a cash flow problem for customers, which was followed by a general discussion. Ms. Ross said that SCO spends a lot of time with DTS staff reconciling their invoices and that SCO needs to justify payments before they can be authorized. Ms. Ross suggested that the reception by customers of direct transfer of payments depends upon fine tuning the DTS billing process. Mr. Klass then asked if transitioning to managed services will save customers money. Ms. Overhouse explained that it will take two years to convert customers to managed services. Rates may not change that much but the service levels would improve. In order to fully respond to these issues, Chairperson Takai would like monthly Ad Hoc Committee meetings with an additional meeting scheduled prior to the next Technology Services Board meeting. Committee members agreed.

#### **4. DTS 2008 Mid-Year Rate Package – Action Item**

Ms. Matsuura reviewed the proposed Mid-Year Rate Package, which included Customer Owned Equipment Managed Service (COEMS), Sharing DTS Online Open Exams Lists, Print Services, and enhancements to Statewide Email Service. She noted that minor changes have been made to the rate package since it was submitted to DOF. COEMS service rates would be recalculated after adjustments for additional raised floor space at the new location, Online Open Exams was being deleted, Print Services would be recalculated to breakeven, and the e-Hub enhancement to Statewide Email service would be eliminated. All these changes will be reflected in the revised rate package and resubmitted to the Ad Hoc Committee before they are presented at the next Technology Services Board meeting.



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## **5. Overview of Draft Report on Rate Benchmarking – Action Item**

Director Agarwal explained that the contractor conducting the benchmarking study was not able to meet contractual requirements and the contract was terminated. He asked whether DTS should look for another partner. The cost of the study using another vendor would be approximately \$1 million; therefore, Chairperson Takai suggested that DTS get its rates in line with costs before revisiting the issue of benchmarking.

## **6. TSB Services and Finance Committee Charter – Information Item**

Chairperson Takai and Director Agarwal provided background information on why the Audit Committee and the Services Committee were originally formed and the proposal to combine both committees into a TSB Services and Finance Committee. Jim Hanacek, Deputy Director at DTS, provided an overview of the Services and Finance Committee Charter. The new committee will meet on an as-needed basis. Chairperson Takai asked the Ad Hoc Committee members to review the new charter and provide comments before the next Technology Services Board meeting.

## **7. Public Comment**

There was no public comment.

## **8. Meeting Adjournment**

The meeting was adjourned at 3:25 p.m.